Saskatchewan Heritage Fund

Annual Report 1983-84

Province of Saskatchewan

Saskatchewan HERITAGE 1985

Commemorating our Past, Building our Future

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Letter of Transmittal

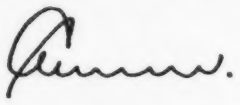
April, 1985

To His Honour,
The Honourable F.W. Johnson,
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the sixth Annual Report and Financial Statement of the Saskatchewan Heritage Fund, for the year ended March 31, 1984.

Respectfully yours,



Bob Andrew
Minister of Finance

Report from the Minister of Finance

In 1983-84, the Saskatchewan Legislative Assembly passed The Heritage Fund (Saskatchewan) Amendment Act, 1983, a key piece of legislation that at last made the Heritage Fund more accessible and more useful to Saskatchewan citizens.

Under the previous administration, a substantial portion of the Heritage Fund's annual revenues, which come largely from the development of the province's mineral resources, had been locked into the Fund. These monies had been used to bankroll the expansion of the Crown corporations.

The new legislation freed up these revenues, during an economic downturn, for priority needs such as health care and job creation.

The new Act also added two new divisions to the Heritage Fund. The Agricultural Division was established to encourage and support economic growth and stability in Saskatchewan's most important industry. Through the Farm Purchase Program, this division provides interest rebates to Saskatchewan farmers to purchase Saskatchewan farm land. In particular, the Agricultural Division is helping to facilitate the return to Saskatchewan farmers of the former Land Bank farm land.

The new legislation also established the Research and Development Division to encourage the adoption of advanced technologies by Saskatchewan industries. A total of $51.2 million in current assets, which previously had not been designated for a specific purpose, were earmarked for research and development and transferred to the new division.

Financially, the Heritage Fund experienced a year of mixed results in 1983-84. Revenues declined by 5.9 per cent to $793.0 million, as a result of the $173.2 million drop in income received from the Crude Oil Export Charge. The Export Charge is geared to the international price of oil, which fell by $5 U.S. in 1983.

Fortunately, the Saskatchewan government introduced tax and other incentives that led to a record total of $1,650 million in oil industry sales in 1983, up from $1,189.4 in 1982. The result was new jobs, more local business activity and more "own source" oil revenue for the Heritage Fund. This "own source" revenue shot up by $157.4 million, or 32.6 per cent, in 1983-84 and largely mitigated the losses caused by the fall in international oil prices.

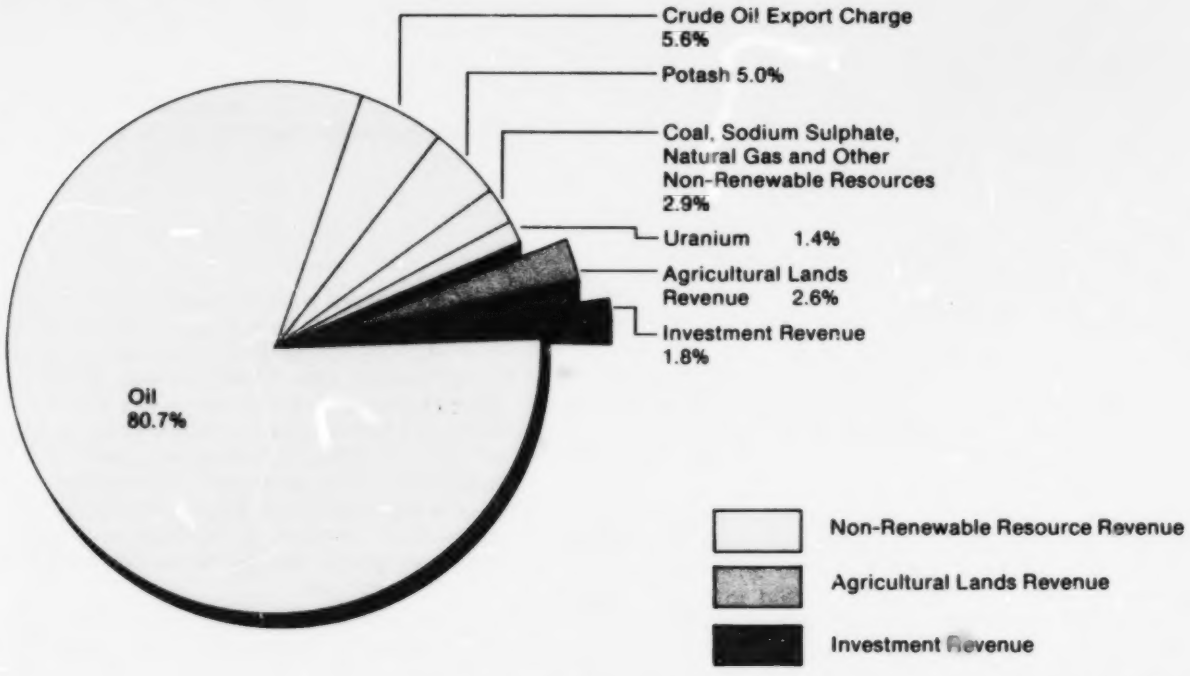
Expenditures of the Heritage Fund were reduced by $25.0 million in 1983-84, to $746.7 million. For the first time, no revenues were diverted to grants or loans to Crown corporations. The equity investment of the Heritage Fund in the Crowns remained at $838.7 million, and the value of outstanding loans to the Crowns was reduced by $18.0 million to $87.2 million.

Looking to the future, the financial resources of the Heritage Fund will no longer be used to favour the expansion of the Crown corporations sector. The greatest Saskatchewan resource is its people. Heritage Fund revenues are helping to tap that resource for the benefit of Saskatchewan's present and future generations.

Bob Andrew
Minister of Finance

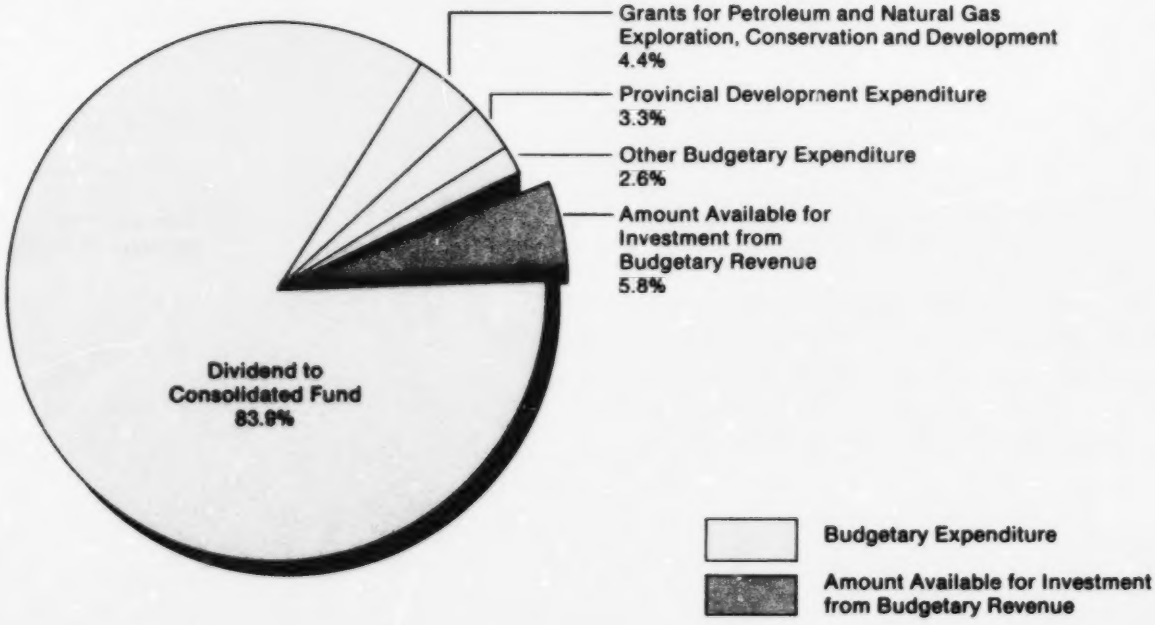
Financial Highlights 1983-84

Budgetary Revenue

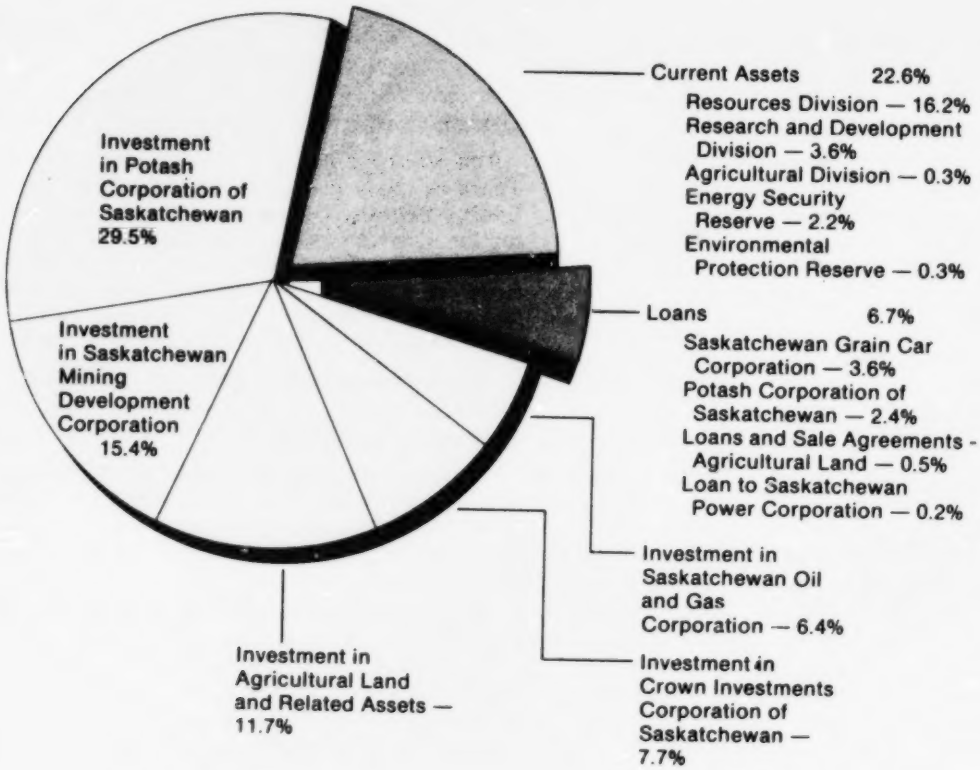


Total Budgetary Revenue ..... **$793.04 million**

Application of Budgetary Revenue



Composition of Assets, at March 31, 1984


Current Assets 22.6%
Resources Division — 16.2%
Research and Development Division — 3.6%
Agricultural Division — 0.3%
Energy Security Reserve — 2.2%
Environmental Protection Reserve — 0.3%
Loans 6.7%
Saskatchewan Grain Car Corporation — 3.6%
Potash Corporation of Saskatchewan — 2.4%
Loans and Sale Agreements - Agricultural Land — 0.5%
Loan to Saskatchewan Power Corporation — 0.2%
Investment in Saskatchewan Oil and Gas Corporation — 6.4%
Investment in Crown Investments Corporation of Saskatchewan — 7.7%
Investment in Agricultural Land and Related Assets — 11.7%
Investment in Saskatchewan Mining Development Corporation 15.4%
Investment in Potash Corporation of Saskatchewan 29.5%
Investments
Current Assets
Loans

Total Assets ..... **$1,421.31 million**

Introduction

The Saskatchewan Heritage Fund was established in 1978 under the authority of The Heritage Fund (Saskatchewan) Act.

Objectives

The objectives of the Heritage Fund are as follows:

1. To provide Saskatchewan citizens with a clear statement of the management of their non-renewable resource revenues.

2. To provide the Legislative Assembly of Saskatchewan with greater control over the use of these non-renewable resource revenues.

3. To provide a financial mechanism through which a portion of these revenues can be invested in assets and programs for the future benefit of Saskatchewan citizens.

4. To strengthen the budgetary position of the Consolidated Fund by assisting in the financing of the on-going programs and services provided by government.

How the Heritage Fund Works

All non-renewable resource revenues of the Province are deposited in the Heritage Fund. Also credited to the Fund, as revenues, are interest income and dividend earnings from the Fund's investments, plus any capital gains on the disposal of these investments.

Revenues of the Heritage Fund can be applied as budgetary expenditures, which are outflows of the moneys taken into the Fund, or retained as assets.

The budgetary expenditures of the Heritage Fund include:

1. The Dividend to the Consolidated Fund - to help finance expenditures of the Consolidated Fund.

2. Incentives for oil and gas exploration and development, and for conservation projects.

3. Assistance to farmers.

4. Assistance for research and development projects.

5. Provincial Development Expenditures - to help finance capital projects.

The surplus that results from an excess of budgetary revenues over budgetary expenditures remains within the Heritage Fund, increasing its total assets. These assets can take a number of forms:

1. Current assets, comprising:

(a) the cash balance in the Heritage Fund's bank account,

(b) marketable securities, including debentures and other marketable instruments, and

(c) the amount "Due from the Consolidated Fund", referring to all monies held temporarily on non-interest bearing deposit with the Consolidated Fund.

2. Loans to Crown corporations or other entities.

3. Equity investments in Crown corporations or other entities.

Divisions of the Heritage Fund

The Heritage Fund is comprised of five divisions. Three of these divisions, the Resources Division, the Energy Security Division and the Environmental Protection Division, were established in 1980. The two newest divisions, the Agricultural Division and the Research and Development Division, were created effective April 1, 1983 by The Heritage Fund (Saskatchewan) Amendment Act, 1983.

The responsibilities of each division are as follows:

1. Resources Division

The Resources Division receives all non-renewable resource revenues of the Fund that are not specifically allocated to the other divisions. Some of these revenues may be transferred to the other divisions for specific purposes.

The Resources Division finances the Consolidated Fund Dividend and Provincial Development Expenditures. This division can also undertake other expenditures and other loans and equity investments permitted under the Act that are not undertaken through the other divisions of the Heritage Fund.

2. Energy Security Division

The objective of the Energy Security Division is to help ensure that Saskatchewan consumers have adequate energy supplies in the years ahead. This division may make expenditures, loans and equity investments to encourage energy conservation and the exploration for and development of the energy resources of the province.

3. Environmental Protection Division

The Environmental Protection Division was created to provide a contingency fund for dealing with any unforeseen environmental problems that could arise from the mining and milling of uranium in Saskatchewan.

The contingency fund, known as the Environmental Protection Reserve, is comprised of cash and short-term investments. The income and other gains from these investments is applied to, and therefore serves to increase, the assets of the Division.

4. Agricultural Division

The purpose of the Agricultural Division is to encourage long-term economic growth and stability in

the agricultural sector. The initial task of the Agricultural Division has been to assist in funding the operations of the Farm Purchase Program. This program provides interest rebates to farmers for commercial mortgage loans undertaken to purchase farm land.

The Agricultural Division has assumed all assets and liabilities of the Land Bank Commission and provides the necessary funding to meet the deficiency between the interest costs owing on the transferred Land Bank land and the lease fee revenues from that land.

5. Research and Development Division

The Research and Development Division was established to support research and development activities that will ensure that the latest technologies are adopted by Saskatchewan firms and that new, high technology industries are attracted to the province.

The Minister of Science and Technology may make loans, equity investments and grants or other expenditures from the Research and Development Division for this purpose.

The Research and Development Division was funded initially through the transfer of $51.2 million in cash and investments from the Resources Division of the Heritage Fund.

Legislative Control

The activities of the Heritage Fund are directly controlled by the Legislative Assembly through its annual review and approval of the Fund's expenditures and long-term investments.

Source of Revenue

Heritage Fund revenue is generated primarily from three sources: the Province's royalty and tax systems associated with the extraction and sale of Saskatchewan's non-renewable resources, the revenue from the sale and lease of agricultural and other Crown lands, and the investment revenue earned on assets of the Fund.

Total Heritage Fund revenue was $793.0 million in 1983-84, a decrease of 5.9 per cent from 1982-83. The major reason for this decline was an 80 per cent reduction in Heritage Fund revenue from the Crude Oil Export Charge (down by approximately $173.2 million from 1982-83), which more than offset healthy increases in other types of oil revenue.

Non-Renewable Resource Revenue

Non-renewable resource revenue is primarily derived from oil, potash, uranium, coal, natural gas and sodium sulphate.

Oil

Total reserves in Saskatchewan, recoverable at current prices and with current technology, are estimated at 98.3 million cubic metres (618 million barrels), or about 13 per cent of Canadian established reserves. Of the Saskatchewan total, light and medium crude reserves are 68.3 million cubic metres (430 million barrels) and heavy oil reserves are 30.0 million cubic metres (189 million barrels). In addition to these established reserves, the province is endowed with substantial deposits of heavy oil. It is estimated that with the application of enhanced oil recovery techniques, 636 million cubic metres (4.0 billion barrels) of heavy oil reserves can be recovered.

In July 1982, the Provincial government introduced an oil royalty and tax holiday package to stimulate exploration and development in Saskatchewan. As a result, the oil industry is producing at full capacity and oil drilling activity is at record levels.

The value of Saskatchewan's oil sales increased from $1,189.4 million in 1982 to $1,650.8 million in 1983, an increase of 38.8 per cent. Oil production in 1983 increased to 9.5 million cubic metres (60.0 million barrels), from 8.1 million cubic metres (50.9 million barrels) in 1982. In 1983, light gravity oil production was 3.0 million cubic metres (18.9 million barrels), medium oil production was 3.3 million cubic metres (20.8 million barrels), and heavy crude production was 3.2 million cubic metres (20.1 million barrels), all up over the previous year. As a result of the surge in oil activity in Saskatchewan, additions to recoverable oil reserves have exceeded the level of production for the first time in 15 years.

Provincial oil revenue declined from $700.3 million in 1982-83 to $684.5 million in 1983-84 because of a decline in Crude Oil Export Charge revenue.

Under the Federal-Provincial Energy Agreement, the Province receives 50 per cent of Crude Oil Export Charge revenue from crude oil exported from Saskatchewan to the United States. The Crude Oil Export Charge is equal to the difference between the regulated domestic price and the world price of oil. In 1983, international oil prices fell by $5 U.S. per barrel, while the regulated domestic price remained unchanged. As a result, the Province's share of Crude Oil Export Charge revenue fell from $217.4 million in 1982-83 to $44.2 million in 1983-84, a decline of $173.2 million.

Other major sources of Provincial oil revenue were higher in 1983-84 than in the previous fiscal year. Revenues derived mainly from the sale of rights to explore for and develop oil and natural gas located under Crown lands shot up by over 188 per cent, from $43.0 million in 1982-83 to $123.7 million in 1983-84. The Province also collected a total of $353.9 million in royalties from Crown lands in 1983-84 under the authority of The Mineral Resources Act and The Petroleum and Natural Gas Regulations, 1969, which is $46.8 million more than in 1982-83. Similarly, under The Freehold Oil and Gas Production Tax Act, 1983 and The Oil Well Income Tax Act, 1978, the Province collected $143.0 million in taxes during 1983-84, or $41.4 million more than the $101.6 million collected in 1982-83.

The Oil Well Income Tax Act, 1978, levied a tax on the revenue from oil production within Saskatchewan. An exemption was provided to an owner of oil and gas rights in producing tracts totalling 1,280 acres or less. Crown royalties paid were credited against tax payable. The Freehold Oil and Gas Production Tax Act, 1983, replaced this Act effective January 1, 1983. Under the new Act, the Province established a freehold tax on oil production similar to that of the Crown royalty. The royalty and tax rates, expressed as a percentage of production, are computed according to a formula based on the monthly oil production rate of each oil well. Royalty and tax payments are then calculated by applying the royalty and tax rates to the fair market value of the crude oil.

In the 1980's, oil will probably continue to be the largest source of Heritage Fund revenue. This reflects the anticipated development of Saskatchewan's heavy oil resources. Saskatchewan's vast deposits of heavy oil in-place provide the opportunity to bolster oil production. The major barrier to heavy oil development is low recovery rates. Conventional pumping methods are able to recover an average of only seven to nine per cent of the oil in-place because of its extreme density and viscosity. Government and industry are actively working to develop new technology and are engaged in a number of pilot projects in western Saskatchewan. These developments may eventually result in the recovery of up to 40 per cent of the oil in-place, within project areas.

Potash

Saskatchewan's potash reserves underlie a sizable portion of the southern half of the province. Provincial reserves are estimated at 107.0 billion tonnes of KCl or 65.3 billion tonnes of K_2O equivalent.* This represents about 45 per cent of the world's economically recoverable reserves. Saskatchewan has sufficient potash to last several thousand years at present production rates.

Saskatchewan's potash deposits are among the easiest and most economical to mine in the world because their size and favourable geology allow the assembly of large-scale mining operations. Also, the grade of the potash ore mined in Saskatchewan is very high, averaging 20 to 27 per cent K_2O equivalent in beds that may be as much as six metres thick.

In recent years, Saskatchewan's potash production has accounted for about 25 per cent of world output. About 65 per cent of Saskatchewan's total output is exported to the United States, primarily to the upper mid-western states. Although the U.S. market is large, it is also relatively mature, with overall potash demand growing at an average of about two to three per cent annually.

Over the long term, markets outside North America are expected to grow more rapidly. Prior to the recent market downturn, Japan, Brazil, India, South Korea and China had increased their imports of Saskatchewan potash. Approximately 30 per cent of the province's sales are now destined for offshore markets. The remaining five per cent is sold within Canada, primarily in Ontario and Quebec.

The Saskatchewan potash industry experienced a sharp drop in sales during the world recession in 1982. However, sales improved somewhat in 1983, increasing by 6.7 per cent over the previous year, to $685.9 million. The increase in the value of sales resulted from a 29.7 per cent rise in the amount of potash product sold, to 6.6 million tonnes K_2O. The average industry price of potash declined by 17.5 per cent during this period, from $126 per tonne K_2O in 1982 to $104 per tonne K_2O in 1983.

In July, 1979, the Provincial government signed five-year Potash Resource Payments Agreements with each of the potash producers in Saskatchewan. These Agreements were extended to December 31, 1984 and an agreement in principle has been reached for a further two-year extension.

Total Heritage Fund revenue from potash increased by 7.6 per cent in 1983-84, from $36.9 million to $39.7 million. This revenue was comprised of $29.4 million from the Potash Resource Payments Agreements and $10.3 million in other potash revenue.

Various sources have forecast that world demand for potash will rise by three to four per cent per year during the next decade as fertilizers become increasingly important in meeting global food needs. Saskatchewan's potash industry, with its immense, high quality reserves and modern mining technology, is expected to obtain a significant share of this expanding and competitive market.

Uranium

Saskatchewan has total recoverable reserves of 150 million kilograms of uranium metal (U). Probable additional reserves of 68 million kilograms of U are inferred on the basis of excellent geological indications. These estimates represent about 50 per cent of Canada's uranium reserves and more than six per cent of world reserves.

Saskatchewan's uranium deposits are among the highest quality in the world. While some ore bodies outside Saskatchewan are mined profitably with concentrations of uranium as low as one-tenth of one per cent, the average ore grade in Saskatchewan is estimated at two per cent. A major discovery at Cigar Lake (near Key Lake) has been announced with estimated reserves of 129 million kilograms at an average ore grade of 14 per cent U_3O_8 and 45 million kilograms at an average ore grade of five percent U_3O_8.

There are three producing uranium mines, located at Key Lake, Cluff Lake and Rabbit Lake in the northern part of the province. Their total annual production capacity of nine million kilograms U_3O_8 is capable of supplying 20 per cent of the entire estimated current world market. Total production in 1983 was 2.8 million kilograms U_3O_8 compared with 3.5 million kilograms U_3O_8 in 1982. Production in 1983 was lower than the 1982 level because the Cluff Lake and Rabbit Lake mines were being refitted, and the Key Lake mine did not commence production until late 1983.

The uranium royalty structure applied by the Province consists of a combination of basic and graduated royalties. A basic royalty is levied on the value of gross sales. A graduated royalty, which is effectively based on a producer's rate of return on invested capital, is applied after the producer has recovered his capital expenditure.

Uranium royalty revenue decreased from $24.4 million in 1982-83 to $11.1 million in 1983-84. This temporary decline was caused by a major producer selling off a stock pile that it owned outside Saskatchewan, which therefore was not subject to Saskatchewan royalties.

* Potash is sold and graded on the basis of its potassium oxide (K_2O) equivalent, representing about 61 per cent of the actual weight of the KCl potash product.

Coal

Saskatchewan has coal reserves* of approximately 7.6 billion tonnes. All of these reserves are lignite, representing about 95 per cent of total Canadian lignite reserves. Lignite coal is of low thermal value and high ash content. At present, most Saskatchewan lignite is used by large capacity, thermal electrical power generating stations owned by Saskatchewan Power Corporation.

In 1983, 7.8 million tonnes of coal were produced from the six strip mining operations in the extreme southern part of Saskatchewan, compared with 7.5 million tonnes in 1982. The value of coal sales increased by 16.7 per cent, from $62.4 million in 1982 to $72.8 million in 1983.

Coal production on Crown lands is subject to a royalty of 15 per cent of the mine gate value of sales. As of January 1, 1983, the freehold coal tax changed from a levy on the assessed value of freehold producing tracts to a seven per cent tax on the value of production. The new tax rate on freehold production is less than that on Crown production, acknowledging that freehold producers also make payments to the mineral rights owner. Freehold production taxes and mineral rights payments are equivalent to the Crown production royalty. Revenue to the Province generated by the new freehold tax system is approximately the same as under the previous system.

Heritage Fund revenue from coal increased from $11.0 million in 1982-83 to $15.8 million in 1983-84. Higher revenues are expected in the next decade as a result of slow but steadily increasing demand for this primary energy source.

Natural Gas

As of January 1, 1983, Saskatchewan had remaining established natural gas reserves estimated at 44.1 billion cubic metres (1,568 billion cubic feet), economically recoverable at current prices and with current technology. In addition, there is a further estimated 33.8 billion cubic metres (1,200 billion cubic feet) of gas reserves which are not yet classified as established reserves because of the uncertainty associated with their existence.

Nearly all of Saskatchewan's natural gas production is consumed in the province and provides approximately 40 per cent of Saskatchewan's requirements. In 1983, total natural gas production amounted to 1.7 billion cubic metres (60.3 billion cubic feet), up slightly from the 1.6 billion cubic metres (56.8 billion cubic feet) produced in 1982. The value of natural gas sales was $50.2 million in 1983 compared with $24.3 million in 1982.

* Definition of Reserves - Reserves of immediate interest; at less than 150 feet deep; measured, indicated or inferred.

Since January 31, 1983, the fieldgate price of domestic natural gas has tracked increases in the Alberta Border Price established under the Canada-Alberta Energy Agreement. Under this policy, the fieldgate price of natural gas increased, in 1983, from $19.17 per thousand cubic metres ($0.54 per thousand cubic feet) to $45.79 per thousand cubic metres ($1.29 per thousand cubic feet). As well, Saskatchewan's royalties increase by 20 per cent of each scheduled price increase under the Energy Agreement. As a result, by the end of 1983 the royalty rate had increased to $5.32 per thousand cubic metres ($0.15 per thousand cubic feet) from $0.71 per thousand cubic metres ($0.02 per thousand cubic feet).

Heritage Fund revenue from natural gas production totalled $4.6 million in 1983-84 compared with $1.0 million in the previous fiscal year.

Sodium Sulphate

Associated with the alkaline lakes located in the southern part of Saskatchewan are substantial reserves of commercial anhydrous sodium sulphate Na_2SO_4, estimated at almost 27 million tonnes. Most of the province's production is used in the wood pulp industry, with lesser amounts used in detergents, in the manufacture of rayon, and in dyeing and finishing textiles.

In 1983, the eight plants in operation produced 415,309 tonnes of sodium sulphate, with sales worth $38.8 million. Production in 1982 amounted to 509,553 tonnes, with sales at $43.6 million. The 18.5 per cent decline in sodium sulphate production, and the 11.0 per cent decline in sales, is attributable to poor market conditions.

The effective royalty rate on sodium sulphate production from Crown lands varies between four per cent and 15 per cent depending on price, operating costs, and the level of production.

Heritage Fund revenue from sodium sulphate was $1.7 million in 1983-84.

Other Non-Renewable Resources

Copper, zinc, gold, and other minerals are also mined in Saskatchewan. These minerals generated $598,515 in Heritage Fund revenue in 1983-84, compared with $619,415 in 1982-83.

Agricultural Lands Revenue

Agricultural lands revenue is derived from land sales and lease fees for the farm lands transferred to the Agricultural Division of the Heritage Fund from the former Land Bank Commission, and land sales and lease fees for Crown lands administered by the Lands Branch. In 1983-84, $20.3 million in revenue was attributable to these sources, amounting to 2.6 per cent of total Heritage Fund revenue.

Investment Revenue

Investment revenue includes interest earned on marketable securities and loan investments, dividends received from equity investments in Crown corporations, and any capital gains from the disposal of investments.

There was no dividend income received by the Heritage Fund in 1983-84. A dividend of $42.0 million was paid by the Crown Investments Corporation to the Heritage Fund in 1982-83.

The Heritage Fund recorded $14.6 million in interest income in 1983-84 compared with $24.5 million in 1982-83. The decrease in revenue was due mainly to the elimination of interest charges on the $51.3 million (outstanding) loan to the Saskatchewan Grain Car Corporation and to the retirement of $18 million in loans to the Municipal Financing Corporation and the Saskatchewan Housing Corporation.

Application of Revenue

1. Resources Division

Budgetary Expenditure

Saskatchewan Heritage Fund Dividend

Each year, a major portion of Heritage Fund revenues is transferred as a dividend to the Consolidated Fund to help finance current government expenditures in such areas as education, health care and social services. Through the funding of these programs with the assistance of the Heritage Fund Dividend, the government is able to maintain taxation levels as low as possible.

The dividend transferred to the Consolidated Fund in 1983-84 was $665.0 million, or 83.9 per cent of total Heritage Fund revenue of $793.0 million. The amount transferred was $10.0 million less than for the previous fiscal year.

Compensation Payments for Oil Rights Acquired by the Crown

In 1973, the petroleum and natural gas rights of mineral owners with producing tracts greater than 1,280 acres were acquired by the Crown. Compensation payments totalling $2.3 million were paid to the former owners from the Heritage Fund in 1983-84.

Interest on Refunds of Taxes

In 1983-84, the Heritage Fund made $295,960 in interest payments to various companies in connection with refunds to those companies of excess tax payments withheld under provisions of the Oil Well Income Tax Act.

Payments Under Trust Certificates

The mineral rights for land voluntarily transferred to the Crown are encumbered by gross royalty trust certificates. As the lands are brought into production, the Crown is required to make payments to the certificate holders under the terms set out in the certificate. Payments under trust certificates totalled $102,389 in 1983-84.

Provincial Development Expenditures

Provincial Development Expenditures (P.D.E.'s) are expenditures made through the Heritage Fund to help finance capital projects of a social or economic development nature. These expenditures are not intended to provide a financial return to the Fund.

In 1983-84, P.D.E.'s totalled $25.8 million and comprised the following:

- **Capital Grant to University Hospital**

In 1983-84, the Heritage Fund contributed $4.0 million toward the continuation of a major renovation program at University Hospital.

The purpose of the program is to renovate fully the original hospital building as well as Ellis Hall, a former nurses' residence. The 1983-84 renovation work included rehabilitation units, psychiatric facilities, roof repairs and elevator replacement.

- **Saskatchewan Rehabilitation Centre**

Planning continued for a new provincial rehabilitation centre to be located in Regina. Total 1983-84 project expenditures were $164,023, for a cumulative expenditure of $241,306 since project inception.

- **Saskatoon Hospitals Construction Program**

Funding of $78,935 was provided from the Heritage Fund in 1983-84 for preliminary planning on the regeneration of Saskatoon's base hospitals.

- **Institute of Applied Arts and Sciences - Prince Albert**

Funding of $1,790,798 was provided from the Heritage Fund in 1983-84 for a new technical institute in Prince Albert. The funding of this project is part of a government commitment to skills training to meet future labour market requirements.

- **Saskatchewan Technical Institute - Moose Jaw**

A 1983-84 expenditure of $3,299,147 was incurred for the construction of a two-storey addition to the Saskatchewan Technical Institute in Moose Jaw. As at March 31, 1984, total cumulative expenditures by the Heritage Fund for this project were $6.9 million.

- **Engineering College Building**

The construction of the College of Engineering Building at the University of Saskatchewan continued during 1983-84. Funding of $200,000 was provided from the Heritage Fund for this purpose.

- **Geological Sciences Building**

Construction of a new Geological Sciences Building for the University of Saskatchewan began in 1983-84 with funding of $1.2 million from the Heritage Fund. The new facility is scheduled to be completed by 1987 at a cost of $18.8 million.

- **Parks Facilities - Cypress Hills**

In 1983-84, the Heritage Fund contributed funding of $49,636 towards construction of tourist facilities in the Cypress Hills Provincial Park.

- **Grants Under the Community Capital Fund II Program**

The five-year Community Capital Fund II Program, which commenced in April, 1980, and expires March 31, 1985, provides financial assistance to urban communities to construct capital works and to purchase equipment in accordance with community priorities.

In 1983-84, the government provided $11.9 million in grants from the Heritage Fund to 403 Community Capital Fund projects throughout Saskatchewan.

- **Grant to the City of Lloydminster for Water Supply Project**

A final grant of $3,048,000 was paid in 1983-84 to the City of Lloydminster to assist it in the completion of a new water and sewer system necessitated by rapid population growth.

- **Souris River Valley Project**

In 1983-84, $30,065 was allocated from the Heritage Fund for the Souris River Valley Project. This project will reduce the flooding of agricultural land and urban areas along the Souris River in south-eastern Saskatchewan.

Investments, Loans and Current Assets

Current Assets

Current assets of the Resources Division, as at March 31, 1984, totalled $229.7 million, an increase of $2.3 million over the previous fiscal year. These assets were held by the Consolidated Fund on deposit ("Due from the Consolidated Fund").

2. Energy Security Division

Budgetary Expenditure

Petroleum and Natural Gas Exploration, Conservation and Development

The Approved Expenditure Grant Program provided incentive grants to the oil and gas industry for the exploration, conservation and development of the province's oil and gas resources. Grants were based on actual company expenditures and production.

This program was terminated as of December 31, 1982, and replaced by the Oil Industry Recovery Program. Credits accumulated by companies participating in the Approved Expenditure Grant Program are being paid out over a three year period. Total funding in 1983-84 for incentive grants and for accumulated credit bank obligations was $35.0 million.

Canada-Saskatchewan Heavy Oil Agreement

The cost-shared Heavy Oil Agreement was signed in 1976 and provides $16.2 million over eight years to encourage more efficient and complete extraction of heavy oil. Initial grants concentrated on enhanced recovery pilot projects. During the last two years, funding was directed towards more specific research and development projects.

In 1983-84, $1.9 million was spent under the Heavy Oil Agreement on thirteen projects.

Canada-Saskatchewan Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement

The cost-shared Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement, signed in 1982, provides $30 million over five years to encourage the research, development and demonstration of new technologies that facilitate the expanded production and use of Saskatchewan's fossil fuel resources. Particular emphasis is placed on projects for heavy oil, lignite coal and the enhanced recovery of light and medium oil.

In 1983-84, $1.3 million was allocated from the Heritage Fund under this agreement to eleven projects.

Administration Expenses of the Canada Saskatchewan Heavy Oil Agreement, and Alternative Fuel Test Program

This cost-shared program provides for the implementation costs of the Heavy Oil Agreement and the Alternative Fuel Test Program. Expenditures during 1983-84 were $108,282.

Canada-Saskatchewan Renewable Energy and Energy Conservation Demonstration Agreement

The Renewable Energy and Energy Conservation Agreement provided funding for projects which would demonstrate the potential for conserving energy, or which would encourage the development and adoption of renewable energy alternatives in Saskatchewan. All eligible expenses were cost-shared equally between the Governments of Canada and Saskatchewan. The Agreement expired March 31, 1984.

In 1983-84, $1.0 million was allocated from the Heritage Fund to 21 projects.

Research Grants

This program provides funding for energy-related research projects or activities that cannot be undertaken under the terms of Federal-Provincial agreements. During 1983-84, $5,000 was expended by the Heritage Fund for such activities.

Investments, Loans and Current Assets

NewGrade Energy Inc.

In 1984, the Government of Saskatchewan and Federated Cooperatives Ltd. made equity investments of $1,000 each to establish NewGrade Energy Inc., a joint venture company designed to investigate the development of a heavy oil upgrader in Regina.

The Province's contribution was funded from the Energy Security Division of the Heritage Fund.

Current Assets

An Energy Security Reserve of $20 million was established in 1980 to provide greater flexibility to pursue new energy opportunities as they arise. No new projects were funded out of the Reserve in 1983-84. However, interest earnings of $2.9 million were applied to the current assets of the Reserve, which increased from $28.9 million as at March 31, 1983, to $31.8 million as at March 31, 1984.

3. Environmental Protection Division

Investments, Loans and Current Assets

Assets of this division's Environmental Protection Reserve increased from $4.1 million, as at March 31, 1983, to $4.5 million as at March 31, 1984, on interest earnings of $421,189.

4. Agricultural Division

Budgetary Expenditure

Payments of Interest Rebates

The Farm Purchase Program was established in January, 1983 to provide interest rebates to farmers for loans obtained from commercial lenders to acquire farm land. Interest rates are subsidized to eight per cent for the first five years of a loan, and to 12 per cent for the next five years. During the first 15 months of operation, the program made commitments to interest rebates on $290 million of loans for 2,564 farmers.

Expenditures by the Heritage Fund during 1983-84 for interest rebates totalled $4.2 million.

Payments to Cover Deficiency of Interest Owing on Transferred Land Bank Land

The Farm Purchase Program Act of December, 1982, and Amendments of June, 1983, authorized a Farm Purchase Program Fund and transferred the land of the former Land Bank Commission to the Agricultural Division of the Heritage Fund.

The deficiency between the interest costs owing on transferred Land Bank land and the lease fees collected from Land Bank land is paid by the Farm Purchase Program Fund with funds provided by the Agicultural Division of the Heritage Fund. Expenditures in 1983-84 by the Heritage Fund for this purpose were $9.1 million.

Investments, Loans and Current Assets

Investments in Land

Improvement costs for land acquired by the transfer of assets of the former Saskatchewan Land Bank Commission totalled $68,246.

Current Assets

Current assets as at March 31, 1984, consisted of $4.5 million in the amount "Due from the Consolidated Fund".

Liabilities

Liabilities of the Heritage Fund acquired by the transfer of the liabilities of the former Saskatchewan Land Bank Commission comprised advances from the Consolidated Fund of $184.4 million, conditional receipts of $262,955 and a bank demand loan of $5.0 million, for a total of $189.7 million.

During 1983-84, conditional receipts were reduced by $225,215 and the bank demand loan of $5.0 million was retired.

5. Research and Development Division

Budgetary Expenditure

Three grants were funded by the Research and Development Division in 1983-84:

Compressed Natural Gas Project

Funding of $52,680 was provided in 1983-84 to aid in a demonstration project to test the feasibility of using compressed natural gas as an alternative fuel for Saskatchewan farms.

University of Saskatchewan - Linear Accelerator

A grant of $450,000 was made to the Linear Accelerator Program at the University of Saskatchewan.

Energex '84

A $50,000 grant was made to assist the operation of Energex '84, an international conference in Regina for the exchange of technical information on energy.

Investments, Loans and Current Assets

Current Assets

Current assets in the amount of $51,209,440 were transferred from the Resources Division to the Research and Development Division in 1983-84. Interest earnings in 1983-84 were $551,887, compared with expenditures of $552,680, resulting in total current assets of $51,208,647 as at March 31, 1984.

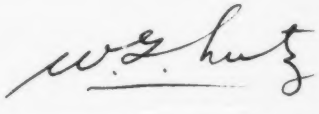
Financial Statements

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Heritage Fund as at March 31, 1984 and the statements of equity, budgetary revenue, budgetary expenditure, non-budgetary transactions, changes in financial position and cumulative provincial development expenditure, all for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Heritage Fund as at March 31, 1984 and the results of its transactions for the year then ended in accordance with the stated accounting policies applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
September 30, 1984.

W.G. Lutz, F.C.A.,
Provincial Auditor

Saskatchewan Heritage Fund

Statement of Financial Position

At March 31, 1984
(with comparative figures for the previous year)

Assets		Resources Division		Energy Security Division
Current Assets				
Cash and Short-Term Investments (Note 2)	$	.....	$	12,044,290
Short-Term Advances to Crown Corporations (Note 3)		.....		19,800,000
Due from the Consolidated Fund (Note 4)		229,669,227		.....
Total Current Assets	$	229,669,227	$	31,844,290
Loans to Crown Corporations (Note 5)				
Potash Corporation of Saskatchewan	$	33,400,000	$	.....
Saskatchewan Grain Car Corporation		51,333,340		.....
Saskatchewan Housing Corporation		.....		.....
Municipal Financing Corporation of Saskatchewan		.....		.....
Saskatchewan Power Corporation		.....		2,448,172
Total Loans to Crown Corporations	$	84,733,340	$	2,448,172
Loans and Sale Agreements (Note 6)	$	.....	$	.....
Investments in Crown Corporations (Note 7)				
Crown Investments Corporation of Saskatchewan	$	109,975,903	$	.....
Potash Corporation of Saskatchewan		418,553,715		.....
Saskatchewan Mining Development Corporation		218,700,000		.....
Saskatchewan Oil and Gas Corporation		.....		91,500,000
Total Investments in Crown Corporations	$	747,229,618	$	91,500,000
Investment in Agricultural Land and Related Assets (Note 9)	$	.....	$	.....
Investments in Other Enterprises	$	.....	$	1,000
Total Assets	$	1,061,632,185	$	125,793,462

Liabilities and Equity

Liabilities				
Advances from the Consolidated Fund (Note 8)	$	.....	$	.....
Conditional Receipts		.....		.....
Total Liabilities	$	.....	$	.....
Equity (Note 1.D)				
Unallocated Equity	$	1,061,632,185	$	93,949,173
Energy Security Reserve		.....		31,844,289
Environmental Protection Reserve		.....		.....
Total Equity	$	1,061,632,185	$	125,793,462
Total Liabilities and Equity	$	1,061,632,185	$	125,793,462

(see accompanying notes)

	Environmental Protection Division	Agricultural Division	Research and Development Division	1984 Total	1983 Total
	$ 4,476,753	$	$ 40,487,576	$ 57,008,619	$ 45,875,285
	.....	.....	7,200,000	27,000,000	34,200,000
	.....	4,467,539	3,521,071	237,657,837	180,213,809
	$ 4,476,753	$ 4,467,539	$ 51,208,647	$ 321,666,456	$ 260,289,094
	$	$	$	$ 33,400,000	$ 33,400,000
	.....	.....	.....	51,333,340	51,333,340
	.....	.....	.....	.....	8,000,000
	.....	.....	.....	.....	10,000,000
	.....	.....	.....	2,448,172	2,448,172
	$	$	$	$ 87,181,512	$ 105,181,512
	$	$ 7,551,128	$	$ 7,551,128	$ .....
	$	$	$	$ 109,975,903	$ 109,975,903
	.....	.....	.....	418,553,715	418,553,715
	.....	.....	.....	218,700,000	218,700,000
	.....	.....	.....	91,500,000	91,500,000
	$	$	$	$ 838,729,618	$ 838,729,618
	$	$ 166,183,908	$	$ 166,183,908	$ .....
	$	$	$	$ 1,000	$ .....
	$ 4,476,753	$ 178,202,575	$ 51,208,647	$ 1,421,313,622	$ 1,204,200,224
	$	$ 184,436,000	$	$ 184,436,000	$ .....
	.....	37,740	.....	37,740	.....
	$	$ 184,473,740	$	$ 184,473,740	$ .....
	$	$ (6,271,165)	$ 51,208,647	$ 1,200,518,840	$ 1,171,260,629
	.....	.....	.....	31,844,289	28,884,031
	4,476,753	.....	.....	4,476,753	4,055,564
	$ 4,476,753	$ (6,271,165)	$ 51,208,647	$ 1,236,839,882	$ 1,204,200,224
	$ 4,476,753	$ 178,202,575	$ 51,208,647	$ 1,421,313,622	$ 1,204,200,224

Saskatchewan Heritage Fund

Statement of Equity

For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	Resources Division	Energy Security Division
Unallocated Equity		
Balance, Beginning of Year	$ 1,077,312,457	$ 93,948,172
Budgetary Revenue	$ 729,049,225	$ 42,327,493
Budgetary Expenditure	693,520,057	39,366,234
Excess of Budgetary Revenue Over Budgetary Expenditure	$ 35,529,168	$ 2,961,259
	$ 1,112,841,625	$ 96,909,431
Inter-Divisional Transfer of Assets	(51,209,440)	.....
Deficiency arising from the transfer of Assets and Liabilities from the Saskatchewan Land Bank Commission (Note 9)	.....	.....
Loss on Sale of Land	.....	.....
Transfers to Reserves	.....	(2,960,258)
Unallocated Equity, End of Year	$ 1,061,632,185	$ 93,949,173
Reserves		
Balance, Beginning of Year	$	$ 28,884,031
Transfers to Reserves	.....	2,960,258
Reserves, End of Year	$	$ 31,844,289
Total Equity, End of Year	$ 1,061,632,185	$ 125,793,462

(see accompanying notes)

				1984	1983
Environmental Protection Division	Agricultural Division	Research and Development Division	Total	Total
$	$	$	$ 1,171,260,629	$ 1,104,743,712
$ 421,189	$ 20,686,591	$ 551,887	$ 793,036,385	$ 842,323,255
.....	13,296,720	552,680	746,735,691	771,747,854
$ 421,189	$ 7,389,871	$ (793)	$ 46,300,694	$ 70,575,401
$ 421,189	$ 7,389,871	$ (793)	$ 1,217,561,323	$ 1,175,319,113
.....	.....	51,209,440	.....	.....
.....	(13,657,136)	.....	(13,657,136)	.....
.....	(3,900)	.....	(3,900)	.....
(421,189)	.....	.....	(3,381,447)	(4,058,484)
$	$ (6,271,165)	$ 51,208,647	$ 1,200,518,840	$ 1,171,260,629
$ 4,055,564	$	$	$ 32,939,595	$ 28,881,111
421,189	.....	.....	3,381,447	4,058,484
$ 4,476,753	$	$	$ 36,321,042	$ 32,939,595
$ 4,476,753	$ (6,271,165)	$ 51,208,647	$ 1,236,839,882	$ 1,204,200,224

Saskatchewan Heritage Fund
Statement of Budgetary Revenue
For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	Resources Division	Energy Security Division
Non-Renewable Resource Revenue		
Coal	$ 15,775,243	$ .....
Natural Gas (Note 11)	4,594,827	.....
Oil (Note 11)	640,322,308	.....
Crude Oil Export Charge	44,211,943	.....
Potash	39,702,048	.....
Sodium Sulphate	1,695,950	.....
Uranium	11,117,402	.....
Other Non-Renewable Resources	598,518	.....
Total Non-Renewable Resource Revenue	$ 758,018,239	$ .....
Agricultural Lands Revenue		
Lands Sales	$	$ .....
Lease Revenue	.....	.....
Interest and Other	.....	.....
Total Agricultural Lands	$	$ .....
Investment Revenue		
Dividend from Crown Investments Corporation	$	$ .....
Other Investment Revenue	10,339,998	2,960,258
Total Investment Revenue	$ 10,339,998	$ 2,960,258
Other Revenues	$ 58,223	$ .....
Total Budgetary Revenue before Inter-Divisional Transfer	$ 768,416,460	$ 2,960,258
Inter-Divisional Transfers	(39,367,235)	39,367,235
Total Net Budgetary Revenue after Inter-Divisional Transfers	$ 729,049,225	$ 42,327,493

(see accompanying notes)

				1984	1983
Environmental Protection Division	Agricultural Division	Research and Development Division	Total	Total
$	$	$	$ 15,775,243	$ 10,988,357
.....	.....	.....	4,594,827	1,009,629
.....	.....	.....	640,322,308	482,888,649
.....	.....	.....	44,211,943	217,393,542
.....	.....	.....	39,702,048	36,870,663
.....	.....	.....	1,695,950	1,617,831
.....	.....	.....	11,117,402	24,403,390
.....	.....	.....	598,518	619,418
$	$	$	$ 758,018,239	$ 775,791,479
$	$ 11,882,865	$	$ 11,882,865	$ .....
.....	8,176,304	.....	8,176,304	.....
.....	275,717	.....	275,717	.....
$	$ 20,334,886	$	$ 20,334,886	$ .....
$	$	$	$	$ 42,000,000
421,189	351,705	551,887	14,625,037	24,473,215
$ 421,189	$ 351,705	$ 551,887	$ 14,625,037	$ 66,473,215
$	$	$	$ 58,223	$ 58,561
$ 421,189	$ 20,686,591	$ 551,887	$ 793,036,385	$ 842,323,255
.....	.....	.....	.....	.....
$ 421,189	$ 20,686,591	$ 551,887	$ 793,036,385	$ 842,323,255

Saskatchewan Heritage Fund
Statement of Budgetary Expenditure
For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	Resources Division	Energy Security Division
Ordinary		
Dividend to Consolidated Fund (Note 12)	$ 665,000,000	$ .....
Compensation Payments for Oil Rights Acquired by the Crown	2,339,919	.....
Interest on Refunds of Taxes	295,960	.....
Grant to Federated Co-operatives Ltd., for Refinery Expansion	.....	.....
Grant to Federated Co-operatives Ltd., for Construction of a Fuel Alcohol Facility	.....	.....
Grants for Petroleum and Natural Gas Exploration, Conservation, and Development	.....	35,000,000
Grants, Pursuant to the Canada-Saskatchewan Heavy Oil Agreement	.....	1,895,857
Payments for Projects Pursuant to the Canada-Saskatchewan Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement	.....	1,308,779
Payments for Projects Pursuant to the Canada-Saskatchewan Renewable Energy and Energy Conservation Demonstration Agreement	.....	1,048,316
Payment for Project Pursuant to the Grasslands Oil and Gas Exploration Agreement	.....	.....
Payments for Research and Development	.....	.....
Payments of Interest Rebates	.....	.....
Payments to Cover Deficiency of Land Bank Lease Fees in Meeting the Interest Costs Owing on Transferred Land Bank Land	.....	.....
Payments Under Trust Certificates	102,389	.....
Research Grants	.....	5,000
Administrative Expenses of the Canada-Saskatchewan Heavy Oil Agreement, and Alternative Fuel Test Program	.....	108,282
Total Ordinary Expenditure	$ 667,738,268	$ 39,366,234
Capital		
Provincial Development Expenditure	$ 25,781,789	$ .....
Total Capital Expenditure	$ 25,781,789	$ .....
Total Budgetary Expenditure	$ 693,520,057	$ 39,366,234

(see accompanying notes)

			1984	1983
Environmental Protection Division	Agricultural Division	Research and Development Division	Total	Total
$	$	$	$ 665,000,000	$ 675,000,000
.....	.....	.....	2,339,919	2,070,578
.....	.....	.....	295,960	497,589
.....	.....	.....	.....	960,000
.....	.....	.....	.....	44,941
.....	.....	.....	35,000,000	57,820,101
.....	.....	.....	1,895,857	483,915
.....	.....	.....	1,308,779	.....
.....	.....	.....	1,048,316	1,548,137
.....	.....	.....	.....	717,919
.....	.....	552,680	552,680	.....
.....	4,189,720	.....	4,189,720	.....
.....	9,107,000	.....	9,107,000	.....
.....	.....	.....	102,389	.....
.....	.....	.....	5,000	.....
.....	.....	.....	108,282	45,816
$	$ 13,296,720	$ 552,680	$ 720,953,902	$ 739,188,996
$	$	$	$ 25,781,789	$ 32,558,858
$	$	$	$ 25,781,789	$ 32,558,858
$	$ 13,296,720	$ 552,680	$ 746,735,691	$ 771,747,854

Saskatchewan Heritage Fund

Statement of Non-Budgetary Transactions

For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	Resources Division	Energy Security Division
Receipts		
Loans to Crown Corporations		
Municipal Financing Corporation of Saskatchewan	$ 10,000,000	$ .....
Saskatchewan Grain Car Corporation	.....	.....
Saskatchewan Housing Corporation	8,000,000	.....
Saskatchewan Power Corporation	.....	.....
Total Loans to Crown Corporations	$ 18,000,000	$ .....
Land Sales	$	$ .....
Loans and Sale Agreements	.....	.....
Other	.....	.....
Total Receipts	$ 18,000,000	$ .....
Disbursements		
Investments in Crown Corporations		
Saskatchewan Oil and Gas Corporation	$	$ .....
Other Investments		
NewGrade Energy Inc.	.....	1,000
Agricultural Land	.....	.....
Repayment of Bank Demand Loan Transferred from the Saskatchewan Land Bank Commission (Note 9)	.....	.....
Decrease in Conditional Receipts	.....	.....
Total Disbursements	$	$ 1,000
Excess of Non-Budgetary Receipts over Non-Budgetary Disbursements	$ 18,000,000	$ (1,000)

(see accompanying notes)

Environmental Protection Division	Agricultural Division	Research and Development Division	1984 Total	1983 Total
$	$	$	$ 10,000,000	$ .....
.....	.....	.....	.....	1,833,330
.....	.....	.....	8,000,000	.....
.....	.....	.....	.....	805.544
$	$	$	$ 18,000,000	$ 2,638,874
$	$ 1,811,316	$	$ 1,811,316	$ .....
.....	476,568	.....	476,568	.....
.....	83,245	.....	83,245	.....
$	$ 2,371,129	$	$ 20,371,129	$ 2,638,874
$	$	$	$	$ 28,000,000
.....	.....	.....	1,000	.....
.....	68,246	.....	68,246	.....
.....	5,000,000	.....	5,000,000	.....
.....	225,215	.....	225,215	.....
$	$ 5,293,461	$	$ 5,294,461	$ 28,000,000
$	$ (2,922,332)	$	$ 15,076,668	$ (25,361,126)

Saskatchewan Heritage Fund

Statement of Changes in Financial Position

For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	Resources Division	Energy Security Division
Budgetary Transactions		
Budgetary Revenue	$ 729,049,225	$ 42,327,493
Budgetary Expenditure	693,520,057	39,366,234
Excess of Budgetary Revenue over Budgetary Expenditure	$ 35,529,168	$ 2,961,259
Non-Budgetary Transactions		
Receipts	$ 18,000,000	$ .....
Disbursements	.....	1,000
Excess of Non-Budgetary Receipts over Non-Budgetary Disbursements	$ 18,000,000	$ (1,000)
Inter-Divisional Transfer of Assets	$ (51,209,440)	$ .....
Increase in Current Assets	$ 2,319,728	$ 2,960,259

(see accompanying notes)

	Environmental Protection Division	Agricultural Division	Research and Development Division	1984 Total	1983 Total
	$ 421,189	$ 20,686,591	$ 551,887	$ **793,036,385**	$ 842,323,255
	.....	13,296,720	552,680	**746,735,691**	771,747,854
	$ 421,189	$ 7,389,871	$ (793)	$ **46,300,694**	$ 70,575,401
	$	$ 2,371,129	$	$ **20,371,129**	$ 2,638,874
	.....	5,293,461	.....	**5,294,461**	28,000,000
	$	$ (2,922,332)	$	$ **15,076,668**	$ (25,361,126)
	$	$	$ 51,209,440	$	$ .....
	$ 421,189	$ 4,467,539	$ 51,208,647	$ **61,377,362**	$ 45,214,275

Saskatchewan Heritage Fund

Statement of Cumulative Provincial Development Expenditure

For the Year Ended March 31, 1984
(with comparative figures for the previous year)

	1984		1983	
	Current Year Expenditure	Cumulative Expenditure	Current Year Expenditure	Cumulative Expenditure
Resource, Economic, and Industrial Development				
Beauval-Pinehouse Development Road	$	$ 4,061,688	$	$ 4,061,688
Buffalo Narrows Causeway	.....	2,531,641	.....	2,531,641
Buffalo Narrows Northern Development Airport	.....	2,630,835	.....	2,630,835
Buffalo Narrows Northern Development Airport — Facilities	.....	266,871	.....	266,871
Cluff Lake Development Road	.....	4,812,926	.....	4,812,926
Forestry Development Roads	.....	1,384,395	.....	1,384,395
Interprovincial Steel and Pipe Corporation Ltd. — Plant Expansion	.....	2,803,366	271,366	2,803,366
Key Lake Development Road	.....	6,436,118	.....	6,436,118
La Ronge Aircraft Maintenance Facility	.....	2,260,513	.....	2,260,513
Northern Highway No. 2	.....	784,407	.....	784,407
Northern Highway No. 105	.....	547,781	.....	547,781
Northern Highway No. 106	.....	12,586,456	.....	12,586,456
Northern Highway No. 155	.....	5,393,702	.....	5,393,702
Resource Research Facility — Saskatoon	.....	3,683,762	68,772	3,683,762
Total Resource, Economic, and Industrial Development	$	$ 50,184,461	$ 340,138	$ 50,184,461
Health and Education				
Grant to the Saskatchewan Cancer Foundation	$	$ 1,025,000	$	$ 1,025,000
Grant to the University Hospital — Capital	4,000,000	17,613,500	4,000,000	13,613,500
Institute of Applied Arts and Sciences — Prince Albert	1,790,798	2,071,288	280,490	280,490
Provincial Laboratory Building	.....	161,589	151,836	161,589
Saskatchewan Rehabilitation Centre	164,024	241,307	29,492	77,283
Saskatchewan Technical Institute Expansion	3,299,147	6,874,206	2,984,972	3,575,059
Saskatoon Hospitals Construction Program	78,935	273,199	194,264	194,264
University of Saskatchewan — Engineering Building Construction	200,000	27,425,000	2,000,000	27,225,000
University of Saskatchewan — Geological Sciences Building Construction	1,200,000	1,650,000	150,000	450,000
University of Saskatchewan — Veterinary College Building Expansion	.....	12,540,000	140,000	12,540,000
Total Health and Education	$ 10,732,904	$ 69,875,089	$ 9,931,054	$ 59,142,185
Culture and Recreation				
Moose Jaw Wild Animal Park Development	$	$ 2,519,082	$ 533,216	$ 2,519,082
Parks Facilities Development	.....	2,401,808	.....	2,401,808
Parks Facilities Development — Cypress Hills	49,636	132,257	82,621	82,621
Restoration of Northwest Territorial Government Administration Building	.....	687,586	.....	687,586
Restoration of Saskatchewan House	.....	4,487,229	325,471	4,487,229
Saskatchewan Archives Building	.....	284,356	175,993	284,356
1979 Western Canada Summer Games Inc. — Athletic Field House Grant	.....	1,750,000	.....	1,750,000
Total Culture and Recreation	$ 49,636	$ 12,262,318	$ 1,117,301	$ 12,212,682
Municipal				
Construction of Court Houses — Regina and Saskatoon	$	$ 24,515	$ 24,515	$ 24,515
Grant to the City of Lloydminster for Water Supply Project	3,048,000	9,150,000	4,650,000	6,102,000
Grants under the Community Capital Fund Program	11,921,184	56,081,311	16,495,850	44,160,127
Souris River Valley Project	30.065	137.137	.....	107.072
Total Municipal	$ 14,999,249	$ 65,392,963	$ 21,170,365	$ 50,393,714
Total Provincial Development Expenditure	$ 25,781,789	$ 197,714,831	$ 32,558,858	$ 171,933,042

(see accompanying notes)

Saskatchewan Heritage Fund

Notes to the Financial Statements

For the Year Ended March 31, 1984

1. Significant Accounting Policies

A. Reporting Entity

These financial statements have been prepared for the purpose of disclosing the state of the Saskatchewan Heritage Fund at March 31, 1984 and the results of its financial activities for the year then ended in accordance with the statutory authorities governing its operation.

The Saskatchewan Heritage Fund is a special purpose fund established under The Heritage Fund (Saskatchewan) Act to receive all non-renewable resource revenues of the Province, revenues from certain agricultural lands, interest and dividends on loans and investments made by the Fund, and any gains on disposals of investments held by the Fund.

The Fund is comprised of five divisions: the Resources Division, the Energy Security Division, the Environmental Protection Division, the Agricultural Division, and the Research and Development Division. The Agricultural Division and the Research and Development Division were created April 1, 1983 by The Heritage Fund (Saskatchewan) Amendment Act, 1983.

B. Basis of Accounting

The accounts of the Fund are maintained on a modified cash basis for a fiscal year commencing on April 1 and ending on March 31 thereafter. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in the 30 days of April in respect of revenues raised up to March 31 of the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during the 30 days of April which are for goods and services received in the preceding fiscal year are reported as expenditures of the preceding fiscal year.

C. Classification of Financial Transactions

Transactions are classified within two categories: budgetary and non-budgetary. "Budgetary Transactions" reflect revenues and expenditures related to normal operating activities. Budgetary revenues include revenues raised through taxation and royalties on non-renewable resources, income from investments, lease revenues, and accounting gains on the sale of certain agricultural lands. Budgetary expenditures include payments for goods and services, grants, the acquisition or construction of fixed assets and dividends paid to the Consolidated Fund.

"Non-Budgetary Transactions" result from lending and investment functions which include the government lending and investment activity in various Crown Corporations and agencies and in Agricultural Land and Related Assets acquired for resale.

D. Specific Accounting Policies

- Loans and investments in Crown Corporations are carried at cost. In cases where liabilities of a Crown Corporation significantly exceed the estimated realizable value of its assets, and the accumulated deficit is not funded by appropriation (generally from the Consolidated Fund), the investment or loan carried will be revalued. Dividends from these investments are received through the Crown Investments Corporation of Saskatchewan.
- Agricultural Land and Improvements on agricultural land, which have been acquired for resale, are recorded as investments pursuant to the provisions of The Heritage Fund (Saskatchewan) Amendment Act, 1983.

  Sales of these lands and improvements are recorded as a recovery of investment in amounts equal to the cost and any gains are recorded as budgetary revenue when received. Where the sale involves a long-term sales agreement, the amount equal to the cost of the investment sold is recorded as an asset; any amount due in respect of a gain on the sale is recorded as budgetary revenue only upon collection. Any loss on the sale of these lands and improvements is written off to equity.
- Equity of the Fund consists of two components: unallocated equity and reserve accounts. The reserve accounts are established pursuant to a Treasury Board Directive. Within the Energy Security Division, an Energy Security Reserve has been created for the purpose of funding the future development of energy resources. Within the Environmental Protection Division an Environmental Protection Reserve has been created to provide for contingency funding to mitigate unforeseen environmental problems related to uranium milling.

Saskatchewan Heritage Fund

Notes to the Financial Statements — *(Continued)*

2. Short-Term Investments

The book value of short-term investments at March 31, 1984 is $56,992,948 (March 31, 1983, $46,743,845). The market value at March 31, 1984 is $55,918,599 (March 31, 1983, $46,076,940).

3. Short-Term Advances to Crown Corporations

The short-term advances to Crown Corporations are comprised as follows at March 31:

	1984	1983
Crown Investments Corporation of Saskatchewan	$	$ 20,000,000
Municipal Financing Corporation of Saskatchewan	25,700,000	12,500,000
Saskatchewan Development Fund Corporation	1,300,000	1,700,000
Total Short-Term Advances to Crown Corporations	$ 27,000,000	$ 34,200,000

4. Due from the Consolidated Fund

This represents the balance of all budgetary and non-budgetary cash transactions as held by the Consolidated Fund on behalf of the Heritage Fund, except for cash received from interest and dividends which is deposited directly into the Heritage Fund. No interest accrues on this balance.

5. Loans to Crown Corporations

Loans to Crown Corporations represent advances made to Crown Corporations which have a repayment obligation and may or may not be interest bearing. The following loans are receivable at March 31:

	1984	1983
9.3% due in 4 equal instalments, June 30, 1984 to June 30, 1987	$ 20,000,000	$ 20,000,000
13.0% due December 31, 1988	5,000,000	5,000,000
13.0% due December 31, 1989	8,400,000	8,400,000
	$ 33,400,000	$ 33,400,000
Saskatchewan Grain Car Corporation		
No interest with principal due on March 31, 2011	$ 51,333,340	$ 51,333,340
Saskatchewan Housing Corporation		
15¾% interest due semi-annually on November 30 and May 31 of each year together with principal due November 30, 1992 The principal was repaid in 1983-84.	$	$ 8,000,000
Municipal Financing Corporation of Saskatchewan		
17% due semi-annually on September 2 and March 2 together with 5 equal instalments of principal September 2, 1991 to September 2, 1995. The principal was repaid in 1983-84	$	$ 10,000,000
Saskatchewan Power Corporation		
The loan to the Saskatchewan Power Corporation is interest free for use by eligible home-owners under the "Warm-Up Saskatchewan" Program. The recipients repay their loans monthly over a term not exceeding three years, with the Corporation repaying the loan to the Fund as it receives those repayments	$ 2,448,172	$ 2,448,172
Total Loans to Crown Corporations	$ 87,181,512	$ 105,181,512

Saskatchewan Heritage Fund

Notes to the Financial Statements – *(Continued)*

6. Loans and Sale Agreements

Loans and Sale Agreements represent loans to lessees, and amounts due on Sales Agreements for the sale of Agricultural Land and Related Assets less the unrealized gain in accordance with the accounting policy which provides that gains are budgetary revenue but are only recorded when cash is received. At March 31, 1984, long-term sales agreements outstanding total $371,521. Of this amount, $87,816 reflects the cost of land sold and is included in Loans and Sales Agreements. The balance of $283,705, representing the unrealized gain on the sales, is included in the amount disclosed as receivable in Note 10.

7. Investments in Crown Corporations

Investments in Crown Corporations represent advances made to Crown Corporations which are non-interest bearing and have no fixed terms of repayment. These investments are carried at cost.

The consolidated financial statements of the Crown Investments Corporation of Saskatchewan at December 31, 1983 reflect an appropriation of consolidated reinvested earnings in respect of the Potash Corporation of Saskatchewan and of the Saskatchewan Mining Development Corporation totalling $307,428,000 which has been made, by resolution of the Crown Investments Corporation of Saskatchewan Board, available only for dividend payout to the Saskatchewan Heritage Fund. The balance of the reinvested earnings of the Corporation, excepting certain appropriations attributable to other Crown Corporation activities, are considered as unappropriated. The Corporation's Board may direct that dividend payments from its unappropriated reinvested earnings be made to the Saskatchewan Heritage Fund and/or the Consolidated Fund.

8. Advances from Consolidated Fund

This represents a long-term obligation to the Consolidated Fund in respect of an interest bearing advance previously due from the Saskatchewan Land Bank Commission. Pursuant to provisions of The Farm Purchase Program Act the Farm Purchase Program Fund is authorized to receive the lease revenues on the land formerly owned by the Saskatchewan Land Bank Commission and in turn, to pay the interest on the advance from the Consolidated Fund. Accordingly, $19,927,663 was paid by the Farm Purchase Program Fund to the Consolidated Fund in 1983-84 as interest expense on the outstanding advance. Pursuant to provisions of The Heritage Fund (Saskatchewan) Amendment Act, 1983, and as provided by appropriation a payment of $9,107,000 was made from the Saskatchewan Heritage Fund to the Farm Purchase Program Fund to cover the deficiency of the lease fees in meeting the interest costs.

9. Dissolution of the Saskatchewan Land Bank Commission

The Heritage Fund (Saskatchewan) Amendment Act, 1983 transferred the assets and liabilities of the former Saskatchewan Land Bank Commission to the Agricultural Divison of the Saskatchewan Heritage Fund effective April 1, 1983. Assets transferred total $176,041,819, and liabilities transferred total $189,698,955 for a net deficiency of $13,657,136 which is charged to equity.

10. Accrued Assets and Liabilities

The Fund had at March 31 accrued accounts receivable of $57,353,078 ($29,317,943 at March 31, 1983) with regard to budgetary revenue sources and accrued interest receivable on short-term investments and loans to Crown Corporations of $1,737,182 ($2,396,068 at March 31, 1983).

The Fund was indebted at March 31 in the amount of $17,545,240 ($11,107,158 at March 31, 1983) for goods and services received prior to the year end, and grants under The Oil and Gas Incentives Regulations, 1978.

These amounts are not reflected within the accounts at March 31.

11. Oil and Natural Gas Revenue

A portion of this revenue has not been finalized as taxes are paid on an instalment basis and are subject to adjustment when annual returns are submitted.

12. Dividend to the Consolidated Fund

An annual appropriation in the Saskatchewan Heritage Fund provides for dividends to the Consolidated Fund. Payments are made upon the direction of the Minister of Finance.

Saskatchewan Heritage Fund

Notes to the Financial Statements — *(Concluded)*

13. Litigation Matters

Potash Taxation

Order-in Council 1788/79 authorized the Minister of Mineral Resources to exempt potash producers from certain taxes, fees, interest, and penalties and to enter into Conditional Settlement Agreements and Potash Resource Payment Agreements. All producers entered into these agreements with the government. The Conditional Settlement Agreements suspended certain legal actions and such actions were to be dismissed as of July 1, 1984 unless the Potash Resource Payment Agreements were terminated by an Act of the Legislature before that date. The Potash Resource Payment Agreements became effective July 1, 1979 for a period of five years. Payments under these agreements are in lieu of the reserve tax, proration fees, and producing tract tax and any other taxes on potash reserves or production.

Under Order-in Council 741/84, the Province entered into agreements with potash producers extending the terms of the Potash Resource Payment Agreements to December 31, 1984.

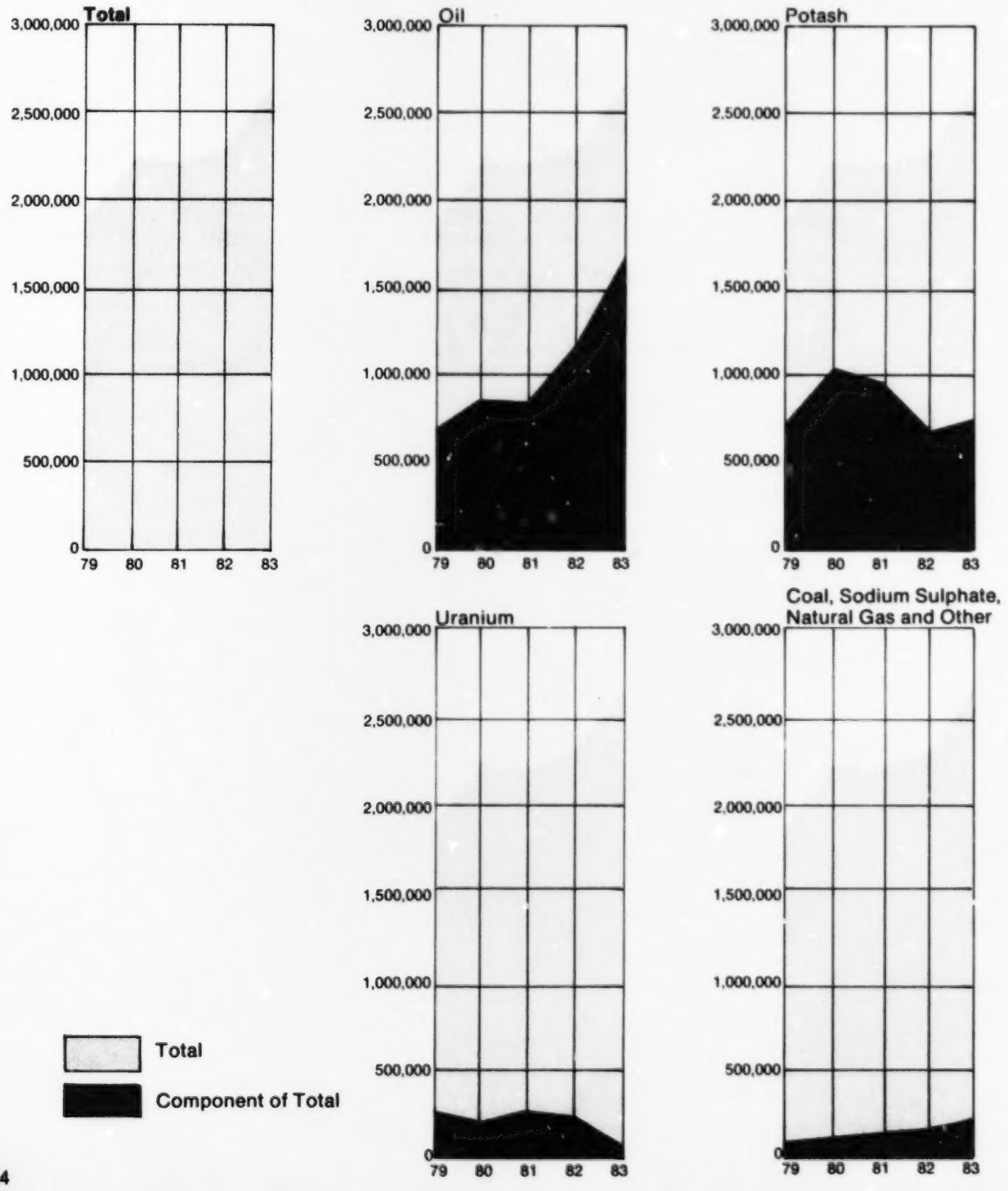
If an Act of the Legislature terminates the Potash Resource Payment Agreements during its term as extended, a producer may bring an action on issues similar to those raised in the original actions. If subsequently the producer becomes entitled by law to recover from the Province any proration fees, reserve taxes, producing tract taxes, or late payment charges, the amount the producer may receive in respect of these is limited by a formula set out in the Conditional Settlement Agreement. If a producer terminates its agreement with the Province, it is not entitled to recover any of the aforementioned payments.

To June 30, 1979, the Province had collected approximately $334 million in proration fees and potash reserve taxes after excluding amounts collected from mines acquired by the Potash Corporation of Saskatchewan.

Historical Statistics

Value of Mineral Sales, Saskatchewan

For the Fiscal Year Ended December 31
(Thousands of Dollars)



Value of Mineral Sales, Saskatchewan

For the Fiscal Year Ended December 31
(Thousands of Dollars)

	1979	1980	1981	1982	1983
Coal	$ 20,475	$ 29,726	$ 42,061	$ 62,449	$ **72,799**
Natural Gas	17,231	19,628	19,720	24,257	**50,171**
Crude Oil	726,710	862,402	821,032	1,189,368	**1,650,761**
Potash	733,346	1,009,754	995,136	642,867	**685,901**
Sodium Sulphate	23,144	27,345	36,388	43,638	**38,840**
Uranium	257,963	232,206	258,302	250,526	**121,400**
Other	63,876	69,909	66,153	64,536	**69,833**
Total Value of Mineral Sales	$ 1,842,745	$ 2,250,970	$ 2,240,792	$ 2,277,641	$ **2,689,705**

Source: Saskatchewan Energy and Mines
Mineral Statistics Yearbook: 1983 Edition

Budgetary Revenue

For the Fiscal Year Ended March 31
(Thousands of Dollars)

	1980	1981	1982	1983	1984
Non-Renewable Resource Revenue					
Resources Division					
Coal	$ 3,797	$ 5,081	$ 7,937	$ 10,988	$ 15,775
Natural Gas	669	689	672	1,010	4,595
Oil	396,400	482,712	368,728	482,889	640,322
Crude Oil Export Charge	—	—	163,984	217,393	44,212
Potash	161,797	280,264	185,000	36,871	39,702
Sodium Sulphate	1,044	1,385	1,550	1,618	1,696
Uranium	14,884	15,015	29,933	24,403	11,117
Other Non-Renewable Resource Revenue	876	2,437	880	619	599
Total Non-Renewable Resource Revenue	$ 579,467	$ 787,583	$ 758,684	$ 775,791	$ 758,018
Agricultural Lands Revenue					
Land Sales	$ —	$ —	$ —	$ —	$ 11,883
Lease Revenue	—	—	—	—	8,176
Interest and Other	—	—	—	—	276
Total Agricultural Lands Revenue	$ —	$ —	$ —	$ —	$ 20,335
Investment Revenue					
Resources Division					
Dividend from Crown Investments Corporation	$ —	$ —	$ 50,000	$ 42,000	$ —
Interest	5,044	8,318	19,138	20,415	10,340
Energy Security Division					
Interest	—	716	4,620	3,547	2,960
Environmental Protection Division					
Interest	—	94	451	511	421
Agricultural Division					
Interest	—	—	—	—	352
Research and Development Division					
Interest	—	—	—	—	552
Total Investment Revenue	$ 5,044	$ 9,128	$ 74,209	$ 66,473	$ 14,625
Other Revenue					
Resources Division					
Refund of Previous Year's Expenditure	$ —	$ —	$ —	$ 59	$ 58
Total Other Revenue	$ —	$ —	$ —	$ 59	$ 58
Total Budgetary Revenue	$ 584,511	$ 796,711	$ 832,893	$ 842,323	$ 793,036

Note: Effective April 1, 1983, the Saskatchewan Heritage Fund was re-structured to include two new divisions, the Agricultural Division and the Research and Development Division. The Agricultural Division was allocated the assets and related liabilities of the former Saskatchewan Land Bank Commission. The Research and Development Division was allocated the "Cash and Short-Term Investments" and the "Short-Term Advances to Crown Corporations" held by the Resources Division.

Application of Budgetary Revenue

For the Fiscal Year Ended March 31
(Thousands of Dollars)

	1980	1981	1982	1983	1984
Budgetary Expenditure					
Resources Division					
Ordinary					
Dividend to Consolidated Fund	$ 338,000	$ 447,000	$ 585,000	$ 675,000	$ 665,000
Compensation Payments for Oil Rights Acquired by the Crown	3,100	3,046	1,917	2,071	2,340
Refunds of Taxes, Royalties, Rentals Fees and Interest	2,000	9,000	420	497	296
Payments Under Trust Certificates	—	—	—	—	102
Capital					
Provincial Development Expenditure	20,088	49,856	53,539	32,559	25,782
Energy Security Division					
Ordinary					
Grant to Federated Co-operatives Ltd. for Refinery Expansion	—	—	—	960	—
Grant to Federated Co-operatives Ltd. for Construction of a Fuel Alcohol Facility	—	—	—	45	—
Grants and Rebates for Petroleum and Natural Gas Exploration, Conservation and Development	41,927	60,490	60,200	57,820	35,000
Grants Pursuant to the Canada-Saskatchewan Heavy Oil Agreement	5,698	1,852	—	484	1,896
Payments for Projects Pursuant to the Canada-Saskatchewan Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement	—	—	—	—	1,309
Payments for Projects Pursuant to the Canada-Saskatchewan Renewable Energy and Energy Conservation Demonstration Agreement	—	711	540	1,548	1,048
Research Grants	4	—	6	—	5
Administrative Expenses of the Canada-Saskatchewan Heavy Oil Agreement and Alternative Fuel Test Program	—	—	33	46	108
Payment for Project Pursuant to the Grasslands Oil and Gas Exploration Agreement	—	—	—	718	—
Agricultural Division					
Ordinary					
Payments of Interest Rebates	—	—	—	—	4,190
Payments to Cover Deficiency of Land Bank Lease Fees in Meeting the Interest Costs Owing on Transferred Land Bank Land	—	—	—	—	9,107
Research and Development Division					
Ordinary					
Payments for Research and Development	—	—	—	—	552
Total Budgetary Expenditure	$ 410,817	$ 571,955	$ 701,655	$ 771,748	$ 746,735
Amount Available for Investment from Budgetary Revenue	$ 173,694	$ 224,756	$ 131,238	$ 70,575	$ 46,301
Total Budgetary Revenue	$ 584,511	$ 796,711	$ 832,893	$ 842,323	$ 793,036

Note: Effective April 1, 1983, the Saskatchewan Heritage Fund was re-structured to include two new divisions, the Agricultural Division and the Research and Development Division. The Agricultural Division was allocated the assets and related liabilities of the former Saskatchewan Land Bank Commission. The Research and Development Division was allocated the "Cash and Short-Term Investments" and "Short-Term Advances to Crown Corporations" held by the Resources Division.

Source and Application of Funds

For the Fiscal Year Ended March 31
(Thousands of Dollars)

	1980	1981	1982	1983	1984
Source of Funds					
Amount Available from Budgetary Revenue	$ 173,694	$ 224,756	$ 131,238	$ 70,575	$ 46,301
Repayment of Loans to Crown Corporations					
Municipal Financing Corporation of Saskatchewan	$ —	$ —	$ —	$ —	$ 10,000
Saskatchewan Grain Car Corporation	—	—	1,833	1,833	—
Saskatchewan Housing Corporation	—	—	—	—	8,000
Saskatchewan Power Corporation	622	985	1,379	806	—
Total Repayment of Loans to Crown Corporations	$ 622	$ 985	$ 3,212	$ 2,639	$ 18,000
Other Non-Budgetary Receipts	—	—	—	—	2,371*
Total Non-Budgetary Receipts	$ 622	$ 985	$ 3,212	$ 2,639	$ 20,371
Total Increase in Funds Available for Investment	$ 174,316	$ 225,741	$ 134,450	$ 73,214	$ 66,672

* Land sales ($1,811); Loans and Sale Agreements ($477); Other ($83).

Source and Application of Funds (cont.)

	1980	1981	1982	1983	1984
Application of Funds					
Investments in Crown Corporations					
Resources Division					
Crown Investments Corporation of Saskatchewan	$ —	$ —	$ 100,000	$ —	$ —
Potash Corporation of Saskatchewan	—	—	—	—	—
Saskatchewan Mining Development Corporation	78,700	50,000	50,000	—	—
Energy Security Division					
Saskatchewan Oil and Gas Corporation	—	28,800	34,700	28,000	—
Total Investments in Crown Corporations	$ 78,700	$ 78,800	$ 184,700	$ 28,000	$ —
Loans to Crown Corporations					
Resources Division					
Municipal Financing Corporation of Saskatchewan	$ —	$ —	$ 10,000	$ —	$ —
Potash Corporation of Saskatchewan	13,400	—	—	—	—
Saskatchewan Grain Car Corporation	—	55,000	—	—	—
Saskatchewan Housing Corporation	—	—	8,000	—	—
Energy Security Division					
Saskatchewan Power Corporation	1,300	1,300	2,500	—	—
Total Loans to Crown Corporations	$ 14,700	$ 56,300	$ 20,500	$ —	$ —
Other Non-Budgetary Disbursements	$ —	$ —	$ —	$ —	$ 5,294
Change in Current Assets					
Resources Division	$ 80,916	$ 67,831	$ (76,821)	$ 41,156	$ 2,320
Energy Security Division: Reserve	—	20,716	4,620	3,547	2,960
Environmental Protection Division: Reserve	—	2,094	1,451	511	422
Agricultural Division	—	—	—	—	4,467
Research and Development Division	—	—	—	—	51,209
Total Change in Current Assets	$ 80,916	$ 90,641	$ (70,750)	$ 45,214	$ 61,378
Total Investments, Loans and Change in Current Assets	$ 174,316	$ 225,741	$ 134,450	$ 73,214	$ 66,672

Note: Effective April 1, 1983, the Saskatchewan Heritage Fund was re-structured to include two new divisions, the Agricultural Division and the Research and Development Division. The Agricultural Division was allocated the assets and related liabilities of the former Saskatchewan Land Bank Commission. The Research and Development Division was allocated the "Cash and Short-Term Investments" and "Short-Term Advances to Crown Corporations" held by the Resources Division.

Composition of Assets

At March 31
(Thousands of Dollars)

	1980	1981	1982	1983	1984
Current Assets					
Resources Division	$ 195,183	$ 263,014	$ 186,194	$ 227,349	$ 229,669
Energy Security Division: Reserve	—	20,716	25,337	28,884	31,844
Environmental Protection Division: Reserve	—	2,094	3,544	4,056	4,477
Agricultural Division	—	—	—	—	4,467
Research and Development Division	—	—	—	—	51,209
Total Current Assets	$ 195,183	$ 285,824	$ 215,075	$ 260,289	$ 321,666
Loans to Crown Corporations					
Resources Division					
Municipal Financing Corporation of Saskatchewan	$ —	$ —	$ 10,000	$ 10,000	$ —
Potash Corporation of Saskatchewan	33,400	33,400	33,400	33,400	33,400
Saskatchewan Grain Car Corporation	—	55,000	53,166	51,333	51,334
Saskatchewan Housing Corporation	—	—	8,000	8,000	—
Energy Security Division					
Saskatchewan Power Corporation	1,818	2,133	3,254	2,448	2,448
Total Loans to Crown Corporations	$ 35,218	$ 90,533	$ 107,820	$ 105,181	$ 87,182
Loans and Sale Agreements					
Agricultural Division	$ —	$ —	$ —	$ —	$ 7,551
Investments in Crown Corporations					
Resources Division					
Crown Investments Corporation of Saskatchewan	$ 9,976	$ 9,976	$ 109,976	$ 109,976	$ 109,976
Potash Corporation of Saskatchewan	418,554	418,554	418,554	418,554	418,554
Saskatchewan Mining Development Corporation	118,700	168,700	218,700	218,700	218,700
Energy Security Division					
Saskatchewan Oil and Gas Corporation	—	28,800	63,500	91,500	91,500
Total Investments in Crown Corporations	$ 547,230	$ 626,030	$ 810,730	$ 838,730	$ 838,730
Investments in Agricultural Land and Related Assets					
Agricultural Division	$ —	$ —	$ —	$ —	$ 166,184
Investments in Other Enterprises	$ —	$ —	$ —	$ —	$ 1
Total Assets	$ 777,631	$ 1,002,387	$ 1,133,625	$ 1,204,200	$ 1,421,314

Note: Effective April 1, 1983, the Saskatchewan Heritage Fund was re-structured to include two new divisions, the Agricultural Division and the Research and Development Division. The Agricultural Division was allocated the assets and related liabilities of the former Saskatchewan Land Bank Commission. The Research and Development Division was allocated the "Cash and Short-Term Investments" and "Short-Term Advances to Crown Corporations" held by the Resources Division.

Summary of Changes in Financial Position

For the Fiscal Year Ended March 31
(Thousands of Dollars)

	1980	1981	1982	1983	1984
Change in Assets					
Budgetary Revenue	$ 584,511	$ 796,711	$ 832,893	$ 842,323	$ 793,036
Less: Budgetary Expenditure	410,817	571,955	701,655	771,748	746,735
Excess of Budgetary Revenue Over Budgetary Expenditure	$ 173,694	$ 224,756	$ 131,238	$ 70,575	$ 46,301
Transfer of Land Bank Assets	—	—	—	—	176,042
Repayment of Land Bank Debt	—	—	—	—	(5,000)
Decrease in Conditional Receipts	—	—	—	—	(225)
Loss on Sale of Land	—	—	—	—	(4)
Change in Assets for Year	$ 173,694	$ 224,756	$ 131,238	$ 70,575	$ 217,114
Change in Liabilities					
Transfer of Land Bank Liabilities	$ —	$ —	$ —	$ —	$ 189,699
Repayment of Land Bank Debt	—	—	—	—	(5,000)
Decrease in Conditional Receipts	—	—	—	—	(225)
Change in Liabilities for Year	$ —	$ —	$ —	$ —	$ 184,474
Change in Equity for Year	$ 173,694	$ 224,756	$ 131,238	$ 70,575	$ 32,640
Equity Beginning of Year	$ 603,937	$ 777,631	$ 1,002,387	$ 1,133,625	$ 1,204,200
Equity End of Year	$ 777,631	$ 1,002,387	$ 1,133,625	$ 1,204,200	$ 1,236,840

Note: Effective April 1, 1983, the Saskatchewan Heritage Fund was re-structured to include two new divisions, the Agricultural Division and the Research and Development Division. The Agricultural Division was allocated the assets and related liabilities of the former Saskatchewan Land Bank Commission. The Research and Development Division was allocated the "Cash and Short-Term Investments" and "Short-Term Advances to Crown Corporations" held by the Resources Division.

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